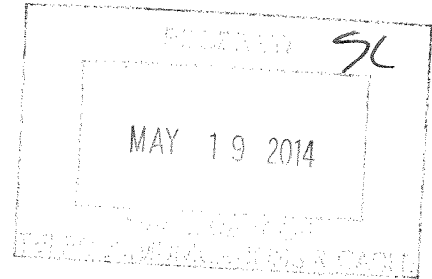




John E. Fogarty
Vice President and Assistant Chief Counsel - Regulatory
Legal

May 16, 2014



Catrice C. Williams
Commonwealth of Massachusetts
Department of Telecommunications and Cable
1000 Washington Street
Suite 820
Boston, MA 02118

Re: D.T.C. 13-10

Dear Ms. Williams:

Enclosed are Time Warner Cable's responses to the First Set of Information Request of the Department of Telecommunications and Cable to Time Warner Cable.

We apologize that the Responses are slightly late. Thank you for your courtesy.

Very truly yours,

A handwritten signature in dark ink, appearing to be "JEF", written over the words "Very truly yours,".

John E. Fogarty

JEF/srh
Enclosures

D.T.C. 1-1 Explain why Time Warner Cable included the Commission Regulatory Fees (Worksheet 7, Line 708) in both the True-Up Period and the Projected Period in this year's Form 1240, but only in the True-Up Period in the previous year's Form 1240.

FCC regulatory fees are a category of external costs recoverable as part of the maximum permitted rate calculated using Form 1240 or as a separate charge by systems using Form 1210. Although Time Warner Cable used Form 1240 in calculating its maximum permitted rate for the previous year, it did not include the regulatory fee cost on Worksheet 7 of its form. Instead, it collected the fee as a separate line item on subscribers' bills. That error was corrected on a going forward basis by including the regulatory fee charge on the Projected Period Worksheet 7 of the current year's Form 1240. However, Time Warner Cable should not have included the regulatory fee on the True-Up Period Worksheet 7. Consequently, Time Warner Cable has revised its Form 1240s for the current year to remove the regulatory fee cost for the True-Up period. This adjustment reduces Time Warner Cable's maximum permitted rate for the 2014 rate year (by reducing the true-up segment) but the maximum permitted rate as adjusted is still greater than the Operator Selected Rate for each of the systems.

Person responsible for response: Christine Sensintaffar

D.T.C. 1-2 For the Great Barrington system, explain the decrease in Retransmission Consent Fees (Worksheet 7, Line 702) from the Projected Period in the previous year's Form 1240 to the True-Up Period in this year's Form 1240.

The difference between the total Retransmission Consent Fees entered for the Projected Period of the Great Barrington system's Form 1240 for last year and the amount entered for the True-Up Period of this year's Form 1240 reflects the fact that on last year's form, Time Warner Cable inadvertently included cost and subscriber data for a community (Great Barrington) that had been previously determined to be subject to effective competition. Correcting this inadvertent error on the current year's Form 1240 resulted in a reduction in both the total retransmission consent fees and average subscribership for the True-Up period compared to the Projected Period estimates used in last year's form.

Person responsible for response: Christine Sensintaffar

D.T.C. 1-3 For the Great Barrington system, explain the decrease in the number of subscribers from the Projected Period in the previous year's Form 1240 to the True-Up Period in this year's Form 1240.

As explained in the response to D.T.C. 1-3, the decrease in the number of subscribers estimated for the True-Up Period on the current year's Form 1240 when compared to the estimated number of subscribers for the Projected Period on last year's Form 1240 is attributable to the fact that last year's Form 1240 inadvertently included information for Great Barrington, a community that had previously been determined to be subject to effective competition and no longer subject to regulation.

Person responsible for response: Christine Sensintaffar

D.T.C. 1-4 For the North Adams system, explain the increase in the number of subscribers from the Projected Period in the previous year's Form 1240 to the True-Up Period in this year's Form 1240.

Last year's Form 1240 for the North Adams system inadvertently included Projected Period data (including subscribers) for a community (Cheshire) that had previously been determined to be subject to effective competition, while inadvertently excluding such data (including subscribers) for one of the system's communities (Williamstown) that is still subject to regulation . The True-Up Period calculation on the current year Form 1240 corrected both of these inadvertent errors by deleting the data associated with Cheshire and adding the data associated with Williamstown. Because there are more subscribers in Williamstown than Cheshire, the net effect of this correction was a slight increase in the number of subscribers for the True-Up Period calculation on the current year's Form 1240.

Person responsible for response: Christine Sensintaffar

D.T.C. 1-5 For the Pittsfield system, explain the decrease in Copyright Fees (Worksheet 7, Line 703) from the Projected Period in the previous year's Form 1240 to the True-Up Period in this year's Form 1240.

Time Warner Cable overstated the Projected Period on last year's Form 1240 for the Pittsfield system. On a per subscriber basis, the Copyright Fees for all three of Time Warner Cable's Form 1240s for Massachusetts should be the roughly the same, since all three systems are included on a single compulsory copyright Statement of Account. However, the Pittsfield Form 1240 for last year estimated a much higher Copyright Fee amount (on a per subscriber basis) for the Projected Period than was estimated for Projected Periods on the Forms 1240 for the Great Barrington and North Adams systems. The True-Up Period calculation on the Pittsfield system's Form 1240 for the current year corrects the overstatement in Copyright Fees.

Person responsible for response: Christine Sensintaffar

D.T.C. 1-6 Provide detailed documentation justifying the increase in the Hourly Service Charge from last year's Form 1205 to this year's Form 1205.

In the past, Time Warner Cable computed its company-wide annual Form 1205 (including a company-wide Hourly Service Charge ("HSC")) by combining the data on Form 1205 forms prepared separately at the division level into a single aggregate form. In connection with a corporate reorganization, Time Warner Cable has centralized its accounting at a corporate level. This has necessitated the use of a new methodology in computing the company-wide Form 1205. This new methodology captured accounts previously kept at a more local level as well as corporate level accounts that previously were not consistently included in the aggregated divisional level forms.

More specifically, in preparing its 2014 Form 1205, Time Warner Cable used corporate level data to determine the major components to the Hourly Service Charge ("HSC"), as follows:

Total Capital Costs of Installation and Maintenance (Schedule A). Time Warner Cable computed the first component of the HSC using all of the company's tangible assets except (i) assets related to its news channels (including the Lakers regional sports network); (b) assets related to Media Sales; and (c) capital costs of customer equipment. The assets were assigned, per FCC instructions, to the following categories: Vehicles, Tools, Maintenance Facilities, and Other. These capital costs were then adjusted to estimate the portion related to customer premise equipment in rate regulated communities. The resulting Net Book Value was multiplied by the FCC-designated rate of return to arrive at the return on investment and the current year's depreciation expense was added to arrive at the annual capital cost total.

Total Annual Operating Expenses for Installation and Maintenance (Schedule B). This component of the HSC (which includes salaries, benefits, supplies, etc.) was computed based on Time Warner Cable's current reporting system which distinguishes between Segment Managed Expenses and Centrally Managed Expenses. These expenses, for purposes of the Form 1205 HSC calculation, were calculated/adjusted as follows:

Segment Managed Expenses: Time Warner Cable determined the portion of expenses related to residential set-top boxes for each regulated market by using a factor reflecting a weighted average of residential set-top box capital spending to total residential capital spending.

Centrally Managed Expenses: Time Warner Cable determined the portion of expenses related to residential set-top boxes by using a factor reflecting the weighted average of residential set-top capital spending to total company capital spending.

Finally, Time Warner Cable calculated the total labor hours for maintenance and installation of equipment (the third component of the HSC calculation) by multiplying the number of Time Warner Cable installers by the average number of annual hours worked, adjusted by a factor representing the percentage of time installers are completing residential video installations. The total labor hours also included hours related to installs performed by contractors.

As noted, the approach employed in calculating Time Warner Cable's companywide Form 1205 for 2014 included various accounts that were not represented in the company's previous, division-level computational approach. The higher Hourly Service Charge is largely a consequence of the inclusion of these overlooked accounts.

D.T.C. 13-10

Person responsible for response: Christine Sensintaffar

D.T.C. 1-7 Explain the increase in the Gross Book Value of Maintenance Facilities (Schedule A, Line B) from the previous year's Form 1205 to this year's Form 1205.

The previous year's Form 1205 did not include assets that are currently booked at the corporate level. The inclusion of these assets on the current year's Form 1205 was a factor in the increase in the Gross Book Value of Maintenance Facilities.

Person responsible for response: Christine Sensintaffar

D.T.C. 1-8 Explain the increase in the Gross Book Value of "Other 1" (Schedule A, Line B) from the previous year's Form 1205 to this year's Form 1205.

The previous year's Form 1205 did not include assets that are currently booked at the corporate level. The inclusion of these assets on the current year's Form 1205 was a factor in the increase in the Gross Book Value of the "Other 1" category.

Person responsible for response: Christine Sensintaffar

D.T.C. 1-9 State in detail the types of equipment that Time Warner Cable included in "Other 1" in Schedule A of this year's Form 1205, but did not include in last year's Form 1205. Also, state in detail the types of equipment that Time Warner Cable did not include in "Other 1" in Schedule A of this year's Form 1205, but did include in last year's Form 1205.

The "Other" category of assets listed in Schedule A were derived by a process that involved taking all of the Company's tangible assets (with the exception of those relating to News (and the Lakers RSN) and Media Sales) and excluding the CPE assets included in Schedule C. The remaining assets were broken out using the categories specified on the form: Vehicles, Tools and Maintenance Facilities, with the remaining amount categorized as "Other." Assets booked at the company's corporate level were not included on the previous year's Form 1205.

Person responsible for response: Christine Sensintaffar

D.T.C. 1-10 State in detail the types of equipment that Time Warner Cable included in "Other 1" and "Other 2" in Schedule B of this year's Form 1205, but did not include in last year's Form 1205. Also, state in detail the types of equipment that Time Warner Cable did not include in "Other 1" and "Other 2" in Schedule B of this year's Form 1205, but did include in last year's Form 1205.

The "Other" category of expenses listed in Schedule B were derived by a process that involved taking all of the Company's annual operating expenses for installation and maintenance of cable equipment which excluded direct costs (content produced, content purchased, etc.) as well as expenses related to News and Media. The remaining expenses were broken out using the categories specified on the form: Salaries & Benefits, Supplies, Utilities and Other Taxes with the remaining amount categorized as "Other." On the previous year's Form 1205, expenses that were booked at the corporate level were not included. The inclusion of these expenses on the current year's Form 1205 was a factor in the increase in the "Other 1" expense category. All expenses that did not fit into categories specified on the form were classified into "Other 1." There was no "Other 2" category listed on the current year's Form 1205.

Person responsible for response: Christine Sensintaffar

D.T.C 1-11 Explain the increase in Annual Operating Expenses for Service Installation and Maintenance of Equipment for "Other 1" (Schedule B, Line A) from the previous year's Form 1205 to this year's Form 1205.

The previous year's Form 1205 did not include expenses that are currently booked at the corporate level. The inclusion of these expenses on the current year's Form 1205 was a factor in the increase in the Annual Operating Expenses for Service Installation and Maintenance of Equipment.

Person responsible for response: Christine Sensintaffar

D.T.C 1-12 State in detail the types of equipment that Time Warner Cable included as “Other Equipment” in Schedule C of this year’s Form 1205.

The “Other Equipment” category in Schedule C consists of CableCARDS.

Person responsible for response: Christine Sensintaffar

D.T.C 1-13 Explain why the Total Maintenance/Service Hours for Converter 1 (Schedule C, Line B) is zero.

The Converter 1 category in Schedule C consists of analog converters which are no longer issued or repaired by Time Warner Cable. While there are still a few of these converters in customers' homes, once they are turned in, they are disposed of. No time is spent maintaining or servicing this type of converter anymore.

Person responsible for response: Christine Sensintaffar

D.T.C 1-14 Explain the increase in the Total Number of Units in Service for Converter 3 (Schedule C, Line C) from last year's Form 1205 to this year's Form 1205.

Converter 3 consists of DTAs. DTAs are the newest type of converter offered by TWC and many more have been issued in the past year than in the year before.

Person responsible for response: Christine Sensintaffar

D.T.C 1-15 Explain the difference(s) between Converter 1, Converter 2, and Converter 3 in Schedule C of this year's Form 1205.

Converter 1 consists of analog converters, Converter 2 consists of non-DTA digital converters, and Converter 3 consists of the more recently introduced DTAs.

Person responsible for response: Christine Sensintaffar

D.T.C 1-16 Provide detailed documentation of the effect(s) the changes in Time Warner Cable's corporate status from Partnership to C-Corporation had on the preparation of the Form 1205 and the calculations therein.

The change in corporate status from Partnership to C-Corporation had no effect on the preparation or calculations on the current Form 1205.

Person responsible for response: Christine Sensintaffar